DOCUMENT RESUME

ED 227 982 RC 013 937

AUTHOR Coppedge, Robert O.

TITLE To Grow or Not to Grow: Questions about Economic Development. Small Town Strategy.

INSTITUTION Oregon State Univ., Corvallis. Cooperative Extension Service.; Western Rural Development Center, Corvallis, Oreg.
SPONS AGENCY Department of Agriculture, Washington, D.C.
REPORT NO WREP-53
PUB DATE Jun 82
NOTE 7p.; For related documents, see RC 013 938-941.
AVAILABLE FROM Western Rural Development Center, Oregon State University, Corvallis, OR 97331 ($.50).
PUB TYPE Guides - Non-Classroom Use (055)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Change Strategies; Community Attitudes; Community Benefits; *Community Change; *Community Development; *Community Resources; *Economic Climate; Economic Development; Human Resources; Leaders Guides; Natural Resources; Rural Development; *Socioeconomic Influences
IDENTIFIERS *Small Towns

ABSTRACT

Part of the Small Town Strategy series, this publication is designed to help communities decide whether further local economic growth is possible and desirable. The publication provides a discussion outline to be used to study the costs and benefits of growing or not growing. Questions are listed which should be raised by the community when considering a particular type of development (i.e., industrial, business, agricultural, and recreational development; general population growth; and rising incomes and demands of local residents). The questions, followed by comments, are divided into five areas: identifying local interest, local resources, types of growth, fiscal effects, and economic effects. Some of the questions and comments pertain to community attitudes and goals, economic costs and benefits, natural and human resources, housing availability, transportation, cooperation between the community and neighboring communities, public facilities and services, tax revenues, and community trade. Some questions may require the collection of data. (NQA)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED227982

SMALL TOWN STRATEGY

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☑ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

Susie Kelley

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

To Grow or Not to Grow: Questions about Economic Development

This publication is designed to help communities decide whether or not further local economic growth is possible and desirable. Use the discussion outline to study the costs and benefits of growing or not growing. Many questions listed here should also be raised by the community when considering a particular type of development.

This publication, along with other publications in the Small Town Strategy series, should help communities as they seek to influence their future.

FEB 1983
RECEIVED
ERIC/CRESS

WREP 53
June 1982

RC 013937

WRDC
Western Rural Development Center · Oregon State University · Corvallis, OR 97331 · (503-754-3621)

A regional center for applied social science and community development cooperating with Land Grant Universities in:
Alaska, Arizona, California, Colorado, Guam, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming

Change is inevitable, but community action can affect the direction of change and the resulting benefits. Answering many of these questions may require the collection of data. Another publication in this series explains the need to gather certain types of data, and how to go about the task. (See list of titles at the end of this publication.)

The questions raised in this publication can be applied to almost any growth situation. Types of growth include industrial and business development; agricultural development; recreational development; general population growth; and rising incomes and demands of local residents. Answering these questions with documented answers will signficantly improve your community's chances of attaining its goals.

The questions have been divided into five areas: identifying local interest, local resources, types of growth, fiscal effects, and economic effects. Use this outline as a starting point. Discussion with your neighbors will generate more questions. As questions are identified, another publication in the Small Town Strategy series may be helpful in identifying problems and establishing objectives. (See list of titles at the end of this publication.)

In the final analysis, some communities may not wish to seek new growth. In some cases the community may not be able to grow—at least not without some adjustments.

Identifying Local Interest

Questions

- ☐ *Which members of the community want growth or development? Why?*
- ☐ *How will they benefit? Will others also benefit? How?*
- ☐ *Who opposes development? Why?*
- ☐ *How would citizens react to growth in general? To certain types of growth?*
- ☐ *Are there particular lifestyles, historic places, lands, or other items of local importance which it may be desirable to protect or preserve? Is the potential development compatible with these items?*
- ☐ *Are there written goals for the community? What do residents want with respect to the community's future? What community size is considered optimum?*
- ☐ *Is a written plan for economic development necessary to guide development along desirable lines? Has a usable plan been written? Is it being implemented?*

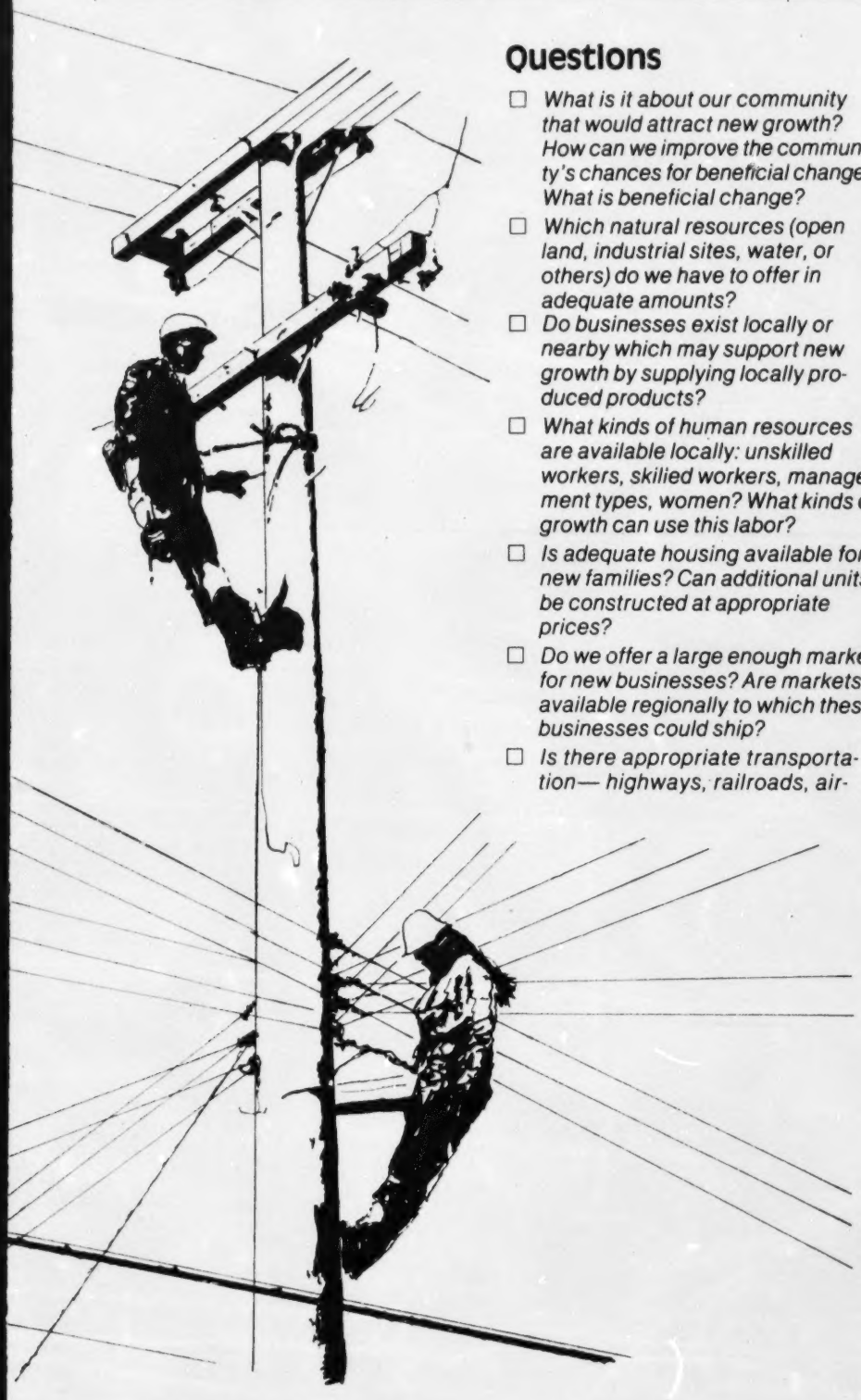
Comments

A community attitude survey or a series of community meetings can be useful in determining local residents' support for development. County Extension offices can help in this task.

Such a survey or series of meetings is important in establishing community goals. Once attitudes are known, a written statement of goals for the community's future can be drafted. After citizen input is solicited, and the goals are revised, this document can be used to plan for development with the assurance that residents generally support the goals as stated. Implementation of the goals can then begin.

Once development has occurred, studies indicate that most local people express satisfaction with the effects of development. Residents of communities that have experienced development usually indicate they would be in favor of more development. People generally see industrial growth as stimulating "progress" in the community. However, a growing trend has been noticed recently to protect the "quality of life," and conflicts with economic development can arise in this context.

Local Resources



Questions

- ☐ *What is it about our community that would attract new growth? How can we improve the community's chances for beneficial change? What is beneficial change?*
- ☐ *Which natural resources (open land, industrial sites, water, or others) do we have to offer in adequate amounts?*
- ☐ *Do businesses exist locally or nearby which may support new growth by supplying locally produced products?*
- ☐ *What kinds of human resources are available locally: unskilled workers, skilled workers, management types, women? What kinds of growth can use this labor?*
- ☐ *Is adequate housing available for new families? Can additional units be constructed at appropriate prices?*
- ☐ *Do we offer a large enough market for new businesses? Are markets available regionally to which these businesses could ship?*
- ☐ *Is there appropriate transportation— highways, railroads, airlines— for the various kinds of development? Are communication facilities adequate?*
- ☐ *Does local talent exist to answer the questions which may be raised? What outside groups may offer help—free or for a fee? Regional, state, or federal agencies? Universities or colleges? Business groups? Consultants?*
- ☐ *What state or federal programs are available to increase our community's potential for growth or to encourage development?*
- ☐ *Are there benefits to be gained from cooperating with neighboring communities, and thereby increasing local area resources?*

Comments

A community needs to determine what type of growth would be most compatible with the existing situation and which types of growth would be most likely to produce the desired effects.

When an industry is evaluating possible sites, your community's well-done resource inventory may be a deciding factor. Sources of resource information include U.S. census reports, state government documents, university studies, and other printed materials. Much important information can only be obtained by a direct survey of the community. This can be time consuming, but it is invaluable both as a planning tool and as an indication to industry of a community's suitability.

Many groups and agencies can assist in this type of activity—free or for a fee. Much of the gathering of information is best done by residents of the community, however.

Identification of resources in the area is important, because growth often affects more than one town. The benefits (as well as the costs) of economic growth may spread across several towns or counties. Many people commute 10 miles or more to their job, and businesses often go out of town to obtain products or services.

Summary

- Is community growth desirable?
- How can community goals be implemented?
- What monetary and other benefits will be realized from new growth?
- Will the monetary and other costs be more than offset by the benefits?

You may find it useful to keep a written record of any discussions and to go through these questions at least twice, as answers may change as answers to other questions are formed. You may also wish to conduct a community attitude survey to determine the degree of support for community goals and objectives. Such a record would be useful when industries evaluate your community as a possible site.

An outside agency can help you decide what group process to use in addressing these questions. Outside agencies to contact include the Cooperative Extension Service; the city, county, or state planning office; the regional council of governments; or the state economic development office. Another publication produced by the Western Rural Development Center, entitled "Coping with Growth: Community Needs Assessment Techniques," might also be helpful.

Prepared by Robert O. Coppedge, professor and Extension economist, New Mexico State University. This publication is part of the Small Town Strategy series produced by the Western Rural Development Center. Other titles in the series include:

- Helping Small Towns Grow
- Hiring a Consultant
- Identifying Problems and Establishing Objectives
- Basic Grantsmanship
- Marketing the Uniqueness of Small Towns
- Socioeconomic Indicators for Small Towns
- Community Evaluation for Economic Development

Copies may be obtained from the Extension Service at cooperating universities or from the Western Rural Development Center, Oregon State University, Corvallis, Oregon 97331. Two related series of WRDC publications might also be of interest: the Coping with Growth series and the Municipal Bonds series. Please write to WRDC for a complete list of available publications. WRDC programs are available equally to all people.

June 1982

WREP 53

A Western Regional Extension Publication

Issued in furtherance of Cooperative Extension work, Acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture, Henry Wadsworth, director, Oregon State University Extension Service. Other western state Extension directors include James W. Matthews, University of Alaska; Roy Rauschkolb, University of Arizona; J. B. Siebert, University of California; Lowell H. Watts, Colorado State University; Noel P. Kefford, University of Hawaii; H. R. Guenthner, University of Idaho; Carl J. Hoffman, Montana State University; Bernard M. Jones, University of Nevada; J. Oren, New Mexico State University; C. Dennis Funk, acting director, Utah State University; J. O. Young, Washington State University; and Harold J. Tuma, University of Wyoming. The University of Guam Extension Service, W. P. Leon Guerrero, director, also participates. Extension invites participation in its programs and offers them to all people without discrimination.

Price:
50¢
($4.00 for 8-part series)

Types of Growth

Questions

- ☐ *What kinds of growth are desirable? Who determines what is desirable for our community? What kinds of growth are possible?*
- ☐ *Is a diversified economic base desirable? What new growth would accomplish this?*
- ☐ *Do we want heavy industry, tourist-oriented trade, service industry, or what? Would these types of firms want to locate here? Why?*
- ☐ *Which types of industry use products produced locally? Would the new industry encourage even more business to locate in the community?*
- ☐ *Is it desirable to encourage development that would cause new residents to locate in our community? Can we attract industry that will hire people who live here now? How?*
- ☐ *What are the points to consider in initiating a joint development effort with neighboring communities?*
- ☐ *How would different types of development affect existing resources, the environment, and quality of life?*

Comments

What kind of growth to encourage depends on many factors. Your community's development efforts may be more successful if you concentrate on the best kinds of industry for your community. Economic growth is generally believed to consist of new manufacturing plants; in many cases, however, expansion of local business may offer promise. In remote areas of New Mexico, for example, the progressive community may seek to become more of a regional center for retail trade, health services, or education.

Development based on available physical resources may provide a more stable economy, avoiding the "footloose" industry. Tourism, agricultural or mineral processing firms, and wood product industries fit this category. However, most physical resources are exhaustible without proper management. Also, such activities as mining may be relatively long term, but eventually the minerals will give out.

Dependence upon a single economic activity can be satisfactory until that activity declines. A diversified base of economic activity may help insulate a community from periodic fluctuations in a single economic activity.

Fiscal Effects

Questions

- ☐ *Which public facilities or services will need to be upgraded or expanded?*
- ☐ *Does excess capacity exist in the school system, or would expansion be necessary?*
- ☐ *Would the new industry require expansion of water or sewer facilities? How would any needed expansion be financed?*
- ☐ *Will new highways and streets be needed? Will upgrading of transportation facilites be required?*
- ☐ *Are current fire and public services adequate to meet needs of new growth?*
- ☐ *If new public facilities or services are required, will increased tax revenues be sufficient to offset costs?*
- ☐ *Would growth affect the local tax structure? How?*
- ☐ *Will there be a period of greatly increased demand for public services, followed by a decline in demand?*

Comments

New growth is sure to be accompanied by expanded needs for public facilities and services. At least some water, sewer, police, and fire services are required. As new residents arrive, public schools may need to be expanded to accommodate more students. The requirements can vary significantly by industry or business. In many cases, increased tax revenues can be expected to offset increased costs. This is not always the case, and the costs and possible income should be carefully studied.

Per capita costs of providing services may decline up to a point for small communities but will level off and eventually rise. Remember, however, that rising costs may include a higher quality of many services for all residents as well as for new businesses and new residents. New growth may provide the added revenues necessary for that new school teacher, better fire truck, or expanded library.

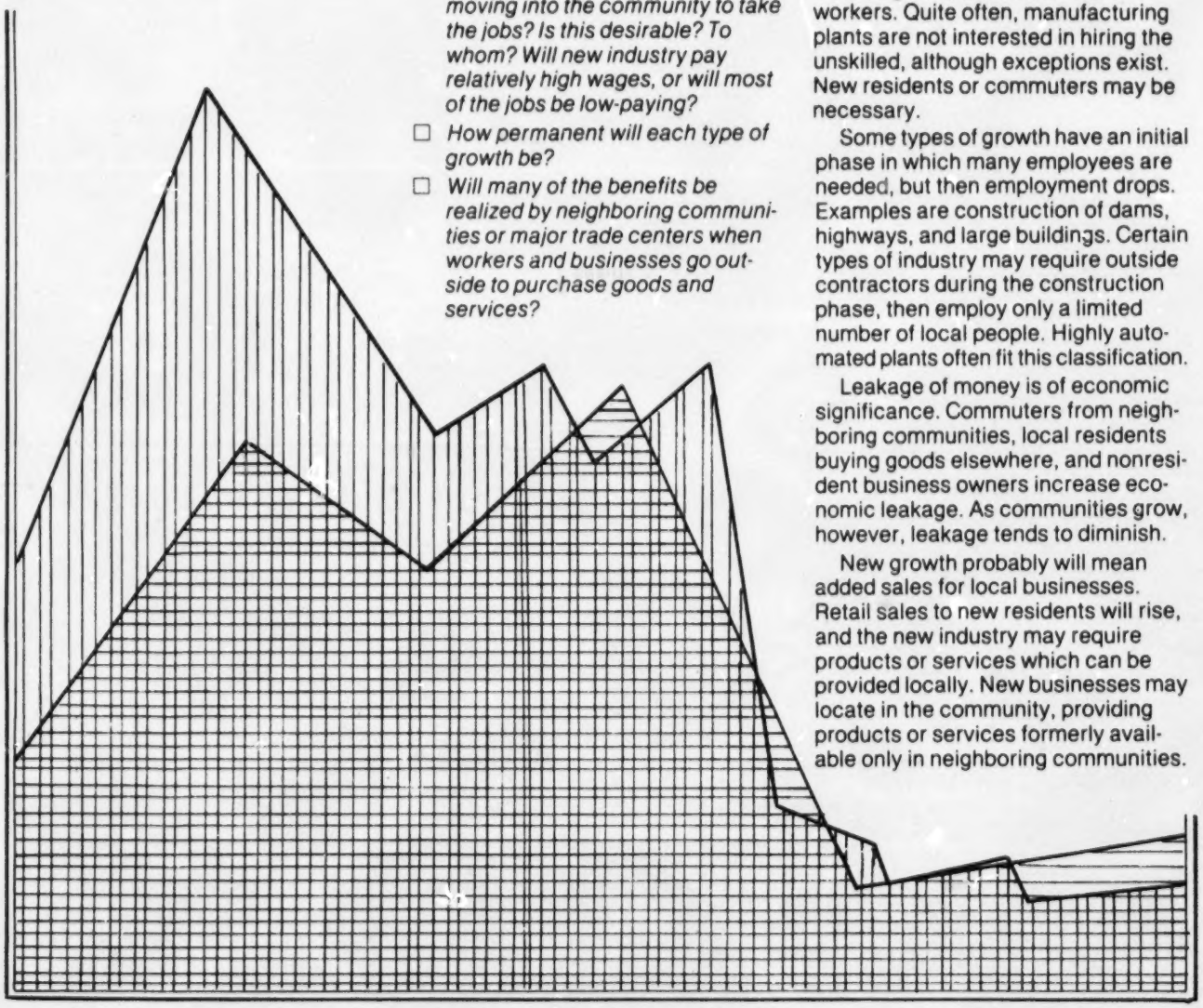
The construction phase of large projects may result in a significant but temporary demand for public services. Construction workers will move on to the next job, and a corresponding decline in demand for public services may occur. If considerable public or private investment was made to accommodate this temporary influx of population, the resulting excess capacity could represent economic problems.

Evaluating public costs and benefits before growth occurs is difficult. Experiences of similar communities undergoing growth can provide useful information, as can specialists in local and state government and at your state universities.

Economic Effects

Questions

- ☐ *Is the development likely to have the promised economic effects on the community? What are these effects? Has unbiased analysis been made of economic costs and benefits?*
- ☐ *What are the economic costs and benefits of not growing?*
- ☐ *Who would benefit from growth?*
- ☐ *How will benefits be distributed among community members and businesses?*
- ☐ *How many jobs will be created directly and indirectly by the new growth?*
- ☐ *Will new industry compete with old for available workers?*
- ☐ *If growth is desirable because of low income levels, will people with low incomes get the jobs? Does the new industry need the kind of people who have the low incomes? If not, are retraining programs possible?*
- ☐ *Will residents realize improved incomes, or will other people be moving into the community to take the jobs? Is this desirable? To whom? Will new industry pay relatively high wages, or will most of the jobs be low-paying?*
- ☐ *How permanent will each type of growth be?*
- ☐ *Will many of the benefits be realized by neighboring communities or major trade centers when workers and businesses go outside to purchase goods and services?*



Comments

The usual justification for economic development is to raise incomes of community residents. With development, however, many direct costs are in the public sector (water, sewer, schools, and other public services). But costs may also be borne by the business community. A new business which competes with existing businesses may not be beneficial to longtime community residents.

Small rural communities usually have large numbers of unskilled workers. Quite often, manufacturing plants are not interested in hiring the unskilled, although exceptions exist. New residents or commuters may be necessary.

Some types of growth have an initial phase in which many employees are needed, but then employment drops. Examples are construction of dams, highways, and large buildings. Certain types of industry may require outside contractors during the construction phase, then employ only a limited number of local people. Highly automated plants often fit this classification.

Leakage of money is of economic significance. Commuters from neighboring communities, local residents buying goods elsewhere, and nonresident business owners increase economic leakage. As communities grow, however, leakage tends to diminish.

New growth probably will mean added sales for local businesses. Retail sales to new residents will rise, and the new industry may require products or services which can be provided locally. New businesses may locate in the community, providing products or services formerly available only in neighboring communities.